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## Documentation

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# Bosnia fights for its right to reconstruction

At a press briefing of the Implementation Forces (IFOR) on Nov. 28, **Colum Murphy**, spokesman for High Representative Carl Bildt, lashed out imperiously at Bosnian Prime Minister Hasan Muratovic, who has been demanding that the so-called international donors live up to their commitments for the economic reconstruction of Bosnia-Herzegovina.

Said Murphy: "I am instructed by the High Representative, Mr. Bildt, to say the following: that he continues to be concerned with remarks made by Prime Minister Muratovic on subjects [of] economic reconstruction.

"It is the view of the international donor community that there are significant shortcomings in the way in which the Bosnian authorities are handling the economic and social situation in the country. But we do not accept that these authorities try to put the blame for their own shortcomings on us. This will not be tolerated. I'm instructed to remind you, that there has been an unprecedented amount of economic assistance given to Bosnia this year. About U.S. \$1 billion disbursed towards the end of the year. And local procurement by IFOR and others, perhaps up to half of the amount, on top of this figure.

"But failures are obvious when it comes to the Bosnia-Herzegovina authorities implementing sound economic policies. Setting up the common institutions, called for in the Peace Agreement, and creating proper conditions for economic growth and social progress. I am to underline that the level of concern in the international community over these issues is rising. And that we would strongly advise the Bosnia-Herzegovina authorities to take this seriously."

This tirade is the latest in a series of clashes dating back to July, which we chronicle here:

In a briefing at the National Press Club in Washington, D.C. on July 17, **Prime Minister Muratovic** said:

"The most important part of civilian part of the agreement is economic reconstruction. . . . The money for reconstruction is not coming, neither in promised amounts nor in time. We have big problems with some donors who are not available for their disbursements and for the implementation. There is a lot of conditioning also for the donations that have been promised, either to deliver goods or to have special arrangements with special companies for implementation, and so on. . . .

"I must say we have also some problems with the World Bank. The World Bank is also putting some conditions which

are very difficult to reach. And I must say that for the time being, we've been taking credits from the World Bank, which are part of our agreement for reconstruction of our previous debts and new loans."

On Sept. 30, **Muratovic** said that many international donors have failed to honor their financial pledges, AFP reported. He said that only 40% of the pledges made at conferences in December 1995 and April 1996 have been committed to concrete projects. He called for reducing and rescheduling Bosnia's debts, saying that this was "a precondition for successful restoration of the country's borrowing power and for attracting additional funds for reconstruction."

Then, on Oct. 9, **Dragoljub Stojanov**, Bosnian minister without portfolio, gave an interview to Reuters, elaborating the concerns of the Bosnian government:

"We're only getting financial support for small enterprises which cannot employ nearly as many people as we have jobless," he said. "We need to get more international credits to restart production at larger enterprises."

Stojanov said that the International Monetary Fund and the World Bank were to blame in large part for the lack of investment in big enterprises, most of which are in state hands. "They don't believe that these enterprises can work efficiently," he said. Stojanov said there was no point in supporting only small-scale enterprises, since that strategy would neither create enough jobs nor generate sufficient exports to provide desperately needed foreign exchange. "We don't know what to do with all that [donor] money, if the World Bank tells us to destroy our big enterprises," he said.

It would only take relatively small capital injections to restart production at a number of companies, mostly in the energy and heavy industry sector, he said. Stojanov added that the international community should step up its efforts to support a decision-making infrastructure in the country. "Bosnia has become some kind of economic Frankenstein monster, because it does not have any instruments of macro-economic policy at its disposal," he said.

"If we don't solve these problems soon, we're going to face huge misery among the population, and you know what that can mean politically," he added.

On Nov. 22, at a meeting in Sarajevo of the Organization of the Islamic Conference, representatives of 12 countries and the Islamic Bank discussed economic, social, humanitarian, and military issues, according to the daily *Oslobodjenje*. Bosnian **Prime Minister Muratovic** told the group that the Islamic world has provided 15% of the total amount of reconstruction aid to date.

Muratovic criticized High Representative Bildt for trying to postpone some reconstruction projects until the three-man Presidency agrees to appoint the Council of Ministers. Muratovic also complained that Bildt was attempting to postpone a forthcoming donors' conference in Brussels. "If Bildt does not change his attitude very soon . . . we'll be forced to ask for diplomatic help from our friends," Muratovic added.